

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2022-1-E - ORDER NO.

June ___, 2022

IN RE: Annual Review of Base Rates for Fuel) SOUTH CAROLINA OFFICE
Costs of Duke Energy Progress, LLC) OF REGULATORY STAFF'S
(For Potential Increase or Decrease in) PROPOSED ORDER
Fuel Adjustment)) APPROVING AND ADOPTING
) ADJUSTMENT IN FUEL COST
) RECOVERY FACTORS

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the annual review of base rates for fuel costs of Duke Energy Progress, LLC (“DEP” or the “Company”). The procedure followed by the Commission is set forth in S.C. Code Ann. § 58-27-865, which provides for annual hearings to allow the Commission and all interested parties to review the prudence of the fuel purchasing practices and policies of an electrical utility and for the Commission to determine if any adjustment in a utility’s fuel cost recovery mechanism is necessary and reasonable. Additionally, and pursuant to S.C. Code Ann. § 58-39-140, the Commission must determine whether to increase or decrease the fuel cost component designed to recover the incremental or avoided costs incurred by the Company to implement the Distributed Energy Resource Program (“DERP”) previously approved by the Commission. The period under review in this docket is March 1, 2021, through February 28, 2022 (“Review Period”).

I. PROCEDURAL HISTORY

A. Notice

On December 7, 2021, the Clerk's Office of the Commission issued a transmittal letter that contained a Notice of Filing and Public Hearing ("Notice"), and, on January 10, 2022, the Clerk's

Office issued a Revised Notice of Filing and Public Hearing (“Revised Notice”) to correct certain errors in the original Notice. The transmittal letter instructed the Company to publish the Revised Notice in newspapers of general circulation in the areas affected by the Commission’s annual review of the Company’s fuel purchasing practices and policies by March 3, 2022. The letter also instructed the Company to furnish the Notice to its customers by U.S. Mail via bill inserts or electronically to customers who have agreed to receive notice electronically on or before March 3, 2022. The Revised Notice indicated the nature of the proceeding and advised all interested parties of how to participate in this proceeding and of important deadlines. The letter also instructed the Company to provide, by March 23, 2022, a certification that the Revised Notice had been furnished as instructed. On March 17, 2022, the Company filed an affidavit of publication of the Revised Notice and confirmed that the Company timely furnished the Revised Notice to all customers.

B. Intervenors

The Commission received timely Petitions to Intervene from Nucor Steel-South Carolina (“Nucor”), the Southern Alliance for Clean Energy (“SACE”), and the South Carolina Coastal Conservation League (“CCL”) (collectively, “SACE/CCL”). The Petitions to Intervene were not opposed and were granted in Order Nos. 2022-20-H and 2022-26-H. The South Carolina Office of Regulatory Staff (“ORS”) is automatically a party pursuant to S.C. Code Ann. § 58-4-10(B).

C. Stipulation

On May 25, 2022, DEP and SACE/CCL filed a Stipulation addressing certain issues regarding DEP’s proposed 2022 Transmission and Distribution (“T&D”) Capacity component value for Net Energy Metering (“NEM”) Distributed Energy Resources (“DER”).¹ The Stipulation

¹ ORS was not a signatory to the Stipulation and, therefore, does not address the merits of the Stipulation herein.

provided that the \$0.000000 T&D Capacity component is reasonable at this time. DEP and SACE/CCL further agreed to work diligently and in good faith with one another to reach agreement about reasonable underlying assumptions and methodologies for developing the T&D Capacity component in order to populate this value with a non-zero value in the 2023 DEP and Duke Energy Carolinas, LLC (“DEC”) annual fuel proceedings. ORS and Nucor were not signatories to this Stipulation.

D. Hearing

The Commission convened an evidentiary hearing on the merits of this matter on June 6, 2022, with the Honorable Vice-Chair Florence P. Belser presiding.² Representing the Parties and appearing before the Commission in this docket were Katie M. Brown, Esquire and Vordman C. Traywick III, for the Company; Kate L. Mixson, Esquire and Emma C. Clancy, Esquire, for SACE/CCL; Robert R. Smith, II, Esquire and Michael K. Lavanga, Esquire for Nucor;³ and Benjamin P. Mustian, Esquire, and Donna L. Rhaney, Esquire, for ORS. The Company, SACE/CCL, and ORS pre-filed and presented witness testimony. No other party filed testimony.

At the outset of the hearing, the Company and SACE/CCL entered the Stipulation into the record of this proceeding at Hearing Exhibit No. 1.

The Company presented the prefiled direct testimonies and exhibits of Jason D. Martin, Brett Phipps, Dana M. Harrington, Kevin Y. Houston; the prefiled direct testimony of Bryan P. Walsh; the prefiled direct testimony and public and confidential versions of exhibits of Tom Ray;⁴

² Chairman Justin T. Williams, who was on military leave, and Commissioner Thomas J. Ervin, who was on annual leave, did not attend the hearing on the merits in this proceeding. All other Commissioners were present.

³ The Commission granted the Motion for Admission Pro Hac Vice of Michael K. Lavanga, Esquire in Order No. Order No. 2022-224.

⁴ By way of Order No. 2022-365, the Commission granted DEP’s request for confidential treatment of Witness Ray’s Exhibit No. 3.

and the prefiled rebuttal testimony of James J. McClay III. The Company presented six of its witnesses in panel format. The first panel consisted of Witnesses Ray and Walsh. The second panel consisted of Witnesses Harrington and Phipps, and the third panel consisted of Witnesses Phipps and McClay. The pre-filed direct and rebuttal testimonies of all Company witnesses were offered into the record and accepted without objection.⁵ The Company tendered Witness Phipps as an expert in coal, natural gas, and reagent procurement; Witness Houston as an expert in nuclear fuel procurement; Witness Walsh as an expert in non-nuclear operations; Witness Ray as an expert in nuclear plant operations; and Witness McClay as an expert in natural gas and oil trading and fuel hedging. Tr. pp. 18,25, 63, 121, 129. The exhibits to the Company's pre-filed direct and rebuttal testimonies were offered into the record, accepted without objection,⁶ marked as Hearing Exhibits Nos. 2 through 6 and 8,⁷ and entered into the record.

SACE/CCL presented public and confidential direct testimony and surrebuttal testimony of Gregory M. Lander. Tr. pp. 165.1 – 165.22; 171.1 – 171.6. SACE/CCL tendered Witness Lander as an expert witness in the fields of natural gas pricing and commodity markets, including forward markets, and interstate pipeline transportation and capacity issues. Tr. pp. 162 – 163. Exhibits to Witness Lander's pre-filed direct testimony were offered into the record, accepted without objection, marked as Hearing Exhibit No. 9, and entered into the record.

ORS presented the direct testimonies of Anthony D. Briseno, Gretchen C. Pool, and Omari

⁵ Company Witnesses Walsh and Martin provided updates to their prefiled direct testimonies prior to their testimonies being added to the record.

⁶ Company Witness Ray pre-filed direct testimony amended exhibit 2 (public) was entered into the record along with prefiled direct testimony exhibit 1 as Hearing Exhibit No. 2. Company Witness Ray's confidential pre-filed direct testimony exhibit 3 was entered into the record as Hearing Exhibit No. 3 and shall remain under seal.

⁷ Hearing Exhibit No. 7 is a late-filed exhibit regarding the Company's cumulative capacity related under-recovery. Tr. p. 104.

R. Thompson, and presented the revised direct testimony of Brandon S. Bickley.⁸ The pre-filed direct testimonies of ORS Witnesses Briseno, Pool, and Thompson and the revised direct testimony of ORS Witness Bickley were accepted into the record without objection. ORS witnesses' exhibits offered without objection, were marked as Hearing Exhibits Nos. 10 through 13, and were entered into the record of the case.⁹

ORS presented the testimony of Witnesses Briseno and Pool as its first panel. Witness Briseno testified regarding the results of ORS's examination of the Company's books and records pertaining to operations under the Fuel Adjustment Clause for the Review Period. Tr. p. 209.1 – 209.18. ORS Witness Pool testified regarding ORS's recommendations resulting from the examination of the Company's DERP expenses for the Review Period, for March 2022 through June 2022 ("Estimated Period"), and July 2022 through June 2023 ("Forecasted Period"). Tr. pp. 213.1 – 213.8.

ORS presented Witnesses Thompson and Bickley as its second panel of witnesses. Witness Thompson testified regarding ORS's recommendations resulting from ORS's examination and review of the Company's power plant operations. Tr. pp. 227.1 – 227.7. Witness Bickley testified regarding ORS's recommendation resulting from the examination and review of the Company's fuel expenses used in the generation of electricity to meet the Company's retail customer requirement during the Review Period. Tr. pp. 220.1 – 220.8.

II. STATUTORY STANDARDS AND REQUIRED FINDINGS

Title 58, Chapter 27, Article 7, of the South Carolina Code of Laws sets forth the statutory

⁸ On May 31, 2022, ORS filed a revised version of Witness Bickley's direct testimony and exhibits. Witness Bickley made an additional correction to his testimony on the stand.

⁹ On May 24, 2022, ORS filed a revised version of Witness Pool's exhibits. In addition, Witnesses Thompson and Bickley made corrections to their exhibits from the stand and ORS presented revised exhibits for introduction into the record of this proceeding.

law regarding electrical utilities' rates and charges and the Commission's authority to approve those rates and charges. "Every rate made, demanded or received by an electrical utility... shall be just and reasonable." Section 58-27-865 establishes the authority and responsibility of the Commission to annually review an electrical utility's fuel purchasing practices and policies and to determine if any adjustment to the fuel cost recovery mechanism used by the electrical utility is necessary and reasonable.

The commission shall direct each electrical utility which incurs fuel cost for the sale of electricity to submit to the commission and to the Office of Regulatory Staff... its estimates of fuel costs for the next twelve months.... Upon conducting public hearings in accordance with law, the commission shall direct each company to place in effect in its base rate an amount designed to recover, during the succeeding twelve months, the fuel costs determined by the commission to be appropriate for that period, adjusted for the over-recovery or under-recovery from the preceding twelve-month period.

S.C. Code Ann. § 58-27-865(B).

As part of its review of an electric utility's proposed rate changes, the Commission also has the authority to "direct the electrical utilities to account monthly for the differences between the recovery of fuel costs through base rates and the actual fuel costs experience;" to "offset... the cost of fuel recovered through sales of power pursuant to interconnection agreements;" and to "disallow recovery of any fuel costs that it finds without just cause to be the result of failure of the utility to make every reasonable effort to minimize fuel costs or any decision of the utility resulting in unreasonable fuel costs." S.C. Code Ann. § 58- 27-865(C-F).

Chapter 39 of Title 58 of the South Carolina Code of Laws mandates that the goal of the South Carolina Distributed Energy Resource Act is to "promote the establishment of a reliable, efficient, and diversified portfolio of distributed energy resources for the State." Section 58-39-

130 sets forth the requirements an electrical utility must meet in establishing a DER program. If approved, “an electrical utility shall be permitted to recover its costs related to the approved distributed energy resource program pursuant to Sections 58-27-865 and 58-39-140 to the extent those costs are reasonably and prudently incurred to implement an approved program.” S. C. Code Ann. § 58-39-130(A)(2). Further, Section 58-39-140 allows a utility to submit estimates of its incremental costs for the upcoming year, which “means all reasonable and prudent costs incurred by an electrical utility to implement a distributed energy resource program.” S.C. Code Ann. § 58-39-140(A).

Consistent with the requirements of S.C. Code Ann. § 58-27-865(B), the Commission convened an evidentiary hearing to determine the reasonableness of the Company’s proposed rates to recover fuel costs incurred during the Review Period.

III. REVIEW OF THE EVIDENCE PRESENTED AT THE HEARING AND EVIDENTIARY CONCLUSIONS

After considering and evaluating the evidence and testimonies of the witnesses, the Commission reaches the following factual and legal conclusions.

A. Fuel Purchasing, Environmental Costs, Plant Operations, and Fuel Inventory Management

Company Witness Walsh testified regarding the Company’s fossil/hydro/solar generation portfolio and changes made since the 2021 fuel cost recovery proceeding, changes expected in the near term, and the performance of the Company’s fossil/hydro/solar generation facilities during the Review Period. Tr. p. 21.3. Witness Walsh testified that the primary objective of DEP’s Fossil/Hydro/Solar generation department is to provide safe, reliable, and cost-effective electricity to DEP’s customers. Tr. p. 21.5. He further stated that the Company achieves compliance with all applicable environmental regulations and maintains station equipment and systems in a cost-

effective manner to ensure reliability. Tr. p. 21.6. Witness Walsh testified that the Company's portfolio includes a diverse mix of units that, along with its nuclear capacity, allows DEP to meet the dynamics of customer load requirements in a logical and cost-effective manner. *Id.* He also stated that DEP uses the Joint Dispatch Agreement with DEC, which allows generating resources for DEP and DEC to be dispatched as a single system to enhance dispatching the lowest cost resources available. Tr. pp. 21.6 – 21.7. He stated that the generating units operated efficiently and reliably during the Review Period. Tr. p. 21.7. Witness Walsh also provided information on significant fossil/hydro/solar outages that occurred during the Review Period and provided information concerning environmental compliance efforts. Tr. pp. 21.9 – 21.10.

Company Witness Ray testified regarding the performance of the Company's nuclear fleet during the Review Period. Tr. p. 28.3. Witness Ray testified that the Company's nuclear fleet consists of three generating stations and a total of four units. Tr. p. 28.4. He stated that the primary objective of DEP's nuclear generation department is to safely provide reliable and cost-effective electricity to DEP's Carolinas customers. Tr. p. 28.5. He also testified that the Company operated its nuclear stations in a reasonable and prudent manner during the review period, providing approximately 49.6% of the total power generated by DEP, and that the actual system average capacity factor of the nuclear units was 94.09%. *Id.* Witness Ray reported to the Commission that the Company achieved a net nuclear capacity factor, excluding reasonable outage time, of 101.80% for the Review Period, which exceeds the 92.5% set forth in S.C. Code Ann. § 58-27-865. *Id.* He further testified regarding DEP's policies regarding planned and forced outages, discussed the refueling outages at the Brunswick Unit 2 and Harris units during the Review Period, and addressed the other outages experienced during the Review Period. Tr. pp. 28.6 – 28.11. Witness Ray testified that, based on his oversight and review of operations during the Review Period, the

Company's nuclear units were operated reasonably and prudently, and its operations were conducted in a way that minimized fuel costs. Tr. p. 28.11.

Company Witness Houston testified regarding the Company's nuclear fuel purchasing practices, provided costs for the Review Period, and described forthcoming changes for the Forecasted Period. Tr. p. 65.3. Witness Houston discussed the components that make up nuclear fuel and provided a summary of DEP's nuclear fuel procurement practices. Tr. pp. 65.3 – 65.6. He testified that DEP mitigates the impact of market volatility on the portfolio of supply contracts by using a mixture of pricing mechanisms. Tr. p. 65.6. He further stated that DEP's portfolio of diversified contract pricing yielded an average unit cost of \$41.95 per pound for uranium concentrates during the review period, representing a decrease of 1% per pound from the prior review period. *Id.* Witness Houston testified that a majority of DEP's enrichment purchases during the review period were delivered under long-term contracts negotiated prior to the review period and that the staggered portfolio approach has the effect of smoothing out DEP's exposure to price volatility. *Id.* He further addressed the latest trends in nuclear fuel market conditions and testified that the average fuel expense is expected to remain relatively flat, from 0.592 cents per kWh incurred in the Review Period to approximately 0.593 cents per kWh in the billing period. Tr. p. 65.8.

Company Witness Phipps testified regarding the Company's fossil fuel purchasing practices, provided fossil fuel costs for the Review Period versus the prior review period of March 1, 2020, through February 28, 2021, and described forthcoming changes in the Forecasted Period relating to trends in market conditions and projected fossil fuel consumption and costs. Tr. p. 123.4. He stated that both DEP and DEC perform the same detailed daily process to determine the unit commitment plan that economically and reliably meets the Company's projected system needs

over the next seven days. Tr. p. 123.5. The Company utilizes a production cost model to determine an optimal unit commitment plan that economically and reliably meets system requirements. *Id.* Witness Phipps testified the unit commitment plan is prepared daily and adjusted, as needed, throughout any given day to respond to changing real time system conditions. *Id.* Regarding the Company's coal costs, he stated the Company's average delivered cost of coal per ton for the review period was \$82.65 per ton, compared to \$96.35 per ton in the prior review period, representing a decrease of approximately 14%. *Id.* For natural gas, he testified the Company's average price of gas purchased for the review period was \$5.34 per Million British Thermal Units ("MMBtu"), compared to \$3.72 per MMBtu in the prior review period, representing an increase of 43%. Tr. p. 123.6. Witness Phipps also further testified regarding the latest trends in coal and natural gas market conditions. Tr. pp. 123.6 – 123.8. Witness Phipps stated that DEP's current coal burn projection for the billing period is 2.4 million tons compared to 2.9 million tons consumed during the review period. Tr. p. 123.8. Combining coal and transportation costs, DEP projects average delivered coal costs of approximately \$88.34 per ton for the billing period compared to \$82.65 per ton in the review period. *Id.* He also stated DEP's current natural gas burn projection for the billing period is approximately 158.3 million MBtu, compared to 170.3 million MBtu consumed during the Review Period. Tr. p. 123.9. In addition, Witness Phipps testified the current average forward Henry Hub price for the billing period is \$4.52 per MMBtu compared to \$4.26 per MMBtu in the Review Period. *Id.* Witness Phipps also addressed the impacts of the Company's rail rate structure and Company's production cost model used to simulate scenarios of future weather and commodity prices. Tr. p. 123.9 – 123.11. Finally, Witness Phipps testified regarding the steps DEP is taking to ensure a cost-effective and reliable fuel supply. Tr. pp. 123.11 – 123.12

ORS Witness Thompson testified regarding ORS's recommendations resulting from

ORS's examination and review of the Company's power plant operations used in the generation of electricity to meet the Company's South Carolina retail customer requirements during the Review Period, and to ensure the Company efficiently operated its plants and made every reasonable effort to minimize fuel costs to provide reliable and high-quality service to its customers. Tr. pp.227.2 – 227.3. Witness Thompson discussed ORS's analysis of DEP's monthly fuel reports, power plant performance data, unit outages, heat rate data, and generation statistics. Tr. p. 227.3. Witness Thompson also described ORS's other monitoring activities relating to power plant operations, including reviewing industry and governmental publications and virtually attending the NRC's 2021 Annual Assessment meetings for the Harris Nuclear Plant, the Brunswick Nuclear Plant, and the Robinson Nuclear Plant. *Id.* He also discussed ORS's interviews with Company personnel relating to DEP's electric generation, power plant outages, and maintenance activities, and site visits. *Id.* Witness Thompson discussed ORS's review of the Company's operating statistics by generating unit and ORS's activities in reviewing all outages for the Review Period. Tr. pp. 227.4 – 227.5. Witness Thompson further testified that ORS found the outages to be reasonable based on outage data from the Review Period, forecasted outage data from Docket No. 2021-1-E, historical outage data from previous annual fuel proceedings, and industry experience. Tr. p. 227.5. He also stated that ORS determined the Company made reasonable efforts to maximize unit availability and minimize fuel costs. *Id.*

Witness Thompson also testified regarding ORS's review of the Company's generation mix and plant-by-plant fuel costs during the Review Period, as well as ORS's review of the Company's forecasted power plant operations. Tr. p. 227.5. He stated the Company's nuclear, coal, and natural gas plants comprised, on average, 42.96%, 8.65% and 32.53%, respectively, of the Company's generation throughout the Review Period, which equates to approximately 84.14%

of the Company's generation. *Id.* He testified the remainder of the generation was met through a mix of renewables, purchased power, and Joint Dispatch Agreement purchases. *Id.* Witness Thompson also discussed the average fuel costs for the major generation plants on the Company's system, the megawatt hours produced by those plants, and the forecasted power plant operations for the Estimated and Forecasted Periods. Tr. p. 227.6. Based on ORS's review, Witness Thompson testified that the Company's maintenance schedules and projected data for its power plants for the Estimated and Forecasted Periods to be reasonable. *Id.* Finally, Witness Thompson requested ORS be given the right to review the reasonableness of plant outage(s) not completed by February 28, 2022, plant outages where final reports or investigations are not available, and the associated costs in the review period during which the outage is completed or when the report becomes available. Tr. p. 227.7.

ORS Witness Bickley testified that ORS evaluated the Company's fuel procurement and forecasting policies, procedures, and activities to ensure the Company made every reasonable effort to minimize fuel costs to provide reliable and high-quality service to its customers. Tr. pp. 220.2 – 220.3. Witness Bickley explained ORS's review of the Company's fuel expenses, including its examination of documents related to the Company's fuel, environmental, and purchased power expenses. Tr. p. 220.3. He also testified regarding ORS's analysis of the Company's monthly fuel reports, examination of the Company's contracts for fuel, transportation, environmental reagents and purchased power, and evaluation of the Company's policies and procedures for fuel procurement. *Id.* Witness Bickley described the additional steps taken by ORS in its review including interviews with Company personnel relating to fuel procurement, transportation, environmental compliance costs and procedures, emissions, forecasting, and DEP policies and procedures pertaining to fuel procurement, in addition to monitoring related industry

and governmental publications and conducting site visits. Tr. pp. 220.3 – 220.4.

No other parties presented testimony related to the prudence of DEP's fuel purchasing practices, power plant operations, or fuel inventory management.

It is uncontested that, during the Review Period, DEP provided safe, reliable, and cost-effective electricity to DEP's customers. The record also reflects that the Company operated its generating facilities in a reasonable and prudent manner and in a manner that maximized unit availability and minimized fuel costs. The record also reflects that the net nuclear capacity factor exceeds the requirements of S.C. Code Ann. § 58-27-865. The Commission also finds that DEP economically and reliably met system requirements and has taken steps to ensure a cost-effective and reliable fuel supply. In addition, no party opposed ORS's request for the right to review the reasonableness of plant outage(s) not completed by February 28, 2022, plant outages where final reports or investigations are not available, and the associated costs in the review period during which the outage is completed or when the report becomes available. Based upon the evidence and testimony of the witnesses, and the fact that no party disputed the prudence or reasonableness of these issues, the Commission therefore finds DEP's fuel purchasing practices and policies, environmental costs, power plant operations, and fuel inventory management during the Review Period were just and reasonable.

B. DERP Costs, DER Programs, and Net Energy Metering (NEM) Methodology

Company Witness Martin testified regarding DERP costs that are incorporated into the proposed fuel factors prepared by Company Witness Harrington. Tr. p. 89.3. He stated that, since January 1, 2015, DEP has seen measurable growth in solar adoption as a result of implementing the incentives and programs for compliance with Act 236 and the extension of incentives through Act 62. *Id.* Witness Martin also stated the Company has encouraged solar adoption through the

NEM incentive, Solar Rebate Program, and other DERP efforts. *Id.* He further testified the Company incurred DERP incremental and avoided costs totaling \$4,960,692 during the Review Period, anticipates incurring \$1,713,709 during the Estimated Period, and projects to incur \$4,831,378 in the Forecasted Period. Tr. p. 89.4. Witness Harrington presented the projected DERP incremental costs for the Forecasted Period monthly per-account increment of \$0.92, \$2.88, and \$235.37 for South Carolina residential, commercial, and industrial customers, respectively, including Gross Receipts Tax. Tr. p. 81.18; Hearing Exhibit No. 5; Exhibit No. 12. As an exhibit to her testimony, Witness Harrington also provided a summary of DEP's proposed fuel rate components for the Forecasted Period and included the DERP per-account charge per month in the amount of \$1.00, \$3.26, and \$100.00, including Gross Receipts Taxes and Regulatory Fees, for residential, commercial, and industrial customers, respectively. Hearing Exhibit No. 5, Exhibit No. 1.

Witness Martin also sponsored the Company's revisions to the 2022 Renewable Net Metering Rider (SC) tariff sheet. Hearing Exhibit No. 6, Exhibit No. 1. He stated participation in net energy metering has increased measurably since 2015 and provided details on the total NEM participation as of February 28, 2022. Tr. p. 89.6. Witness Martin also testified regarding the phase out of the NEM incentive program, the Solar Choice Metering Interim Rider approved in Docket No. 2020-265-E, and the Solar Choice Permanent Tariff approved in Docket No. 2020-265-E. Tr. pp. 89.6 – 89.7.

Regarding the value of NEM DER, Witness Martin stated the 2022 value is \$0.02581 per kWh for Schedules RES and R-TOUD, \$0.02596 for Schedule SGS, and \$0.02675 for all other schedules. Tr. p. 89.8. He further detailed the value of NEM DER by component and sponsored an exhibit with a proposed 2022 net metering rider, Rider RNM, which updates the value of NEM

DER components. Tr. p. 89.8; Hearing Exhibit No. 6, Exhibit No. 1. As described by Witness Martin, these components are as follows:

Components of NEM Distributed Energy Resource Value	Component value (\$/kWh) Residential PV	Component value (\$/kWh) SGS PV	Component value (\$/kWh) Large PV
Marginal Energy Cost	\$0.024689	\$0.024706	\$0.024707
Marginal Capacity Cost	\$0.001753	\$0.001725	\$0.001750
Ancillary Services	(\$0.000933)	(\$0.000762)	\$0.000000
T&D Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants	\$0.000027	\$0.000026	\$0.000024
Avoided CO2 Emissions Cost (currently zero)	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Costs	\$0.000000	\$0.000000	\$0.000000
Utility Administration Cost	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.025536	\$0.025695	\$0.026481
Line Losses	\$0.000270	\$0.000270	\$0.000269
Total Value NEM Distributed Energy	\$0.025806	\$0.025965	\$0.026750

Id.

Witness Martin also discussed the Company's plan to consider marginal line losses associated with customer generators as directed in Order No. 2021-569. Tr. pp. 89.9 – 89.10. With regard to the NEM DER values that are zero, he stated the transmission and distribution capacity cost is determined by deferring or requiring investment in transmission and distribution assets as a result of NEM adoption. Tr. p. 89.10. He explained the density of NEM solar capacity on a circuit and circuit peak conditions for summer and winter periods impact the determination for circuit investments. *Id.* He stated as the penetration of NEM solar increases and development of the analysis tools outlined in the November 17, 2021 filing in Docket No. 2019-382-E are completed and a value other than zero may be assigned to this component; however, for the current period, the Company assigned a value of zero. *Id.* For the fuel hedge component, Witness Martin testified

that, based upon the Settlement Agreement reached in DEP's 2016 annual fuel proceeding (Docket No. 2016-21 3-E), the Company has not experienced an increase or decrease in administrative cost with hedging fuel due to the impact of NEM adoption; therefore, the value is zero. *Id.* He further testified the value for avoided CO2 emissions remains zero as currently no cost for CO2 emissions has been adopted by South Carolina. Tr. pp. 89.10 – 89.11. Witness Martin also testified the utility integration and interconnection cost for NEM currently remains zero; however, the Company continues to evaluate the impacts of increased NEM integration to the utility system. Tr. p. 89.11. He further stated the interconnection cost for an individual NEM project is captured in the fees associated with the Interconnection Process. *Id.* For the utility administration costs value, he testified no additional cost/benefit burden has been borne by the Company due to costs for administering NEM programs, and as such, this value remains zero. *Id.* Witness Martin also stated the environmental cost is currently fully captured in the avoided energy component, which supports a zero value. *Id.* Witness Martin further testified the Company would only propose a zero-value component if it was just and reasonable to do so and, likewise, would only propose a non-zero value component if it was just and reasonable to do so. Tr. p. 96.

Witness Martin also provided testimony on the Company's solar rebate program, stated that interest in the solar rebate has exceed available capacity per Act 236 goals, and provided the incremental costs associated with the program. Tr. p. 89.13. He further discussed the Company's Shared Solar Program, stated the program is fully subscribed, and provided the cost associated with this program. Tr. pp. 89.13 – 89.14. Regarding utility-scale solar facilities, he testified the Company has executed two PPAs dedicated to the Shared Solar Program. Tr. p. 89.15. He also discussed the Company's efforts to communicate with stakeholders about DER programs and program changes in the past year. Tr. pp. 89.15 – 89.16.

On behalf of ORS, Witness Pool testified the Company allocated its DERP costs using the same method DEP uses to allocate and recover variable environmental costs. Tr. p. 213.3. ORS Witness Briseno set forth the actual and estimated avoided cost totals in his Exhibit ADB-9, Hearing Exhibit No. 10, and ORS Witness Bickley set forth the calculated rates in his Exhibit BSB-5, Hearing Exhibit No. 12. Witness Pool stated that ORS found the Company's DERP avoided and incremental costs to be reasonably and prudently incurred in implementing the Company's DER program, and that the Company's estimated and forecasted DERP avoided and incremental costs were reasonable. Tr. p. 213.4.

Regarding the DERP Charge, Witness Pool stated that DEP determined the charge by allocating DERP incremental expenses in the same way the Company allocates variable environmental expenses. Tr. p. 213.4. ORS found the Company's calculation of the proposed DERP Charge and of the under-collected incremental costs complied with Act 236 and the Commission's Orders in previous DERP-related proceedings. *Id.* Witness Pool further discussed the adjustments made by DEP to its DER incremental costs as discussed by Company Witness Harrington. Tr. p. 213.5. Witness Pool also stated that ORS reviewed the Company's updates to the value of NEM DER components and found them to be in compliance with Commission Orders. Tr. pp. 213.5 – 213.6. She also stated the Company has not incorporated the most recent avoided cost methodology in the calculation of the values, but noted that, at the time the Company filed their direct testimony in this proceeding, the Commission had not issued a final order in Docket No. 2021-90-E. Tr. p. 213.6. She testified the Company currently is implementing the necessary changes to the value of NEM DER and will true-up any corresponding expenses in the next annual fuel case. *Id.* Finally, she testified the Company's calculation of the NEM incentive is consistent with Order No. 2015-194 in Docket No. 2014-246-E. Tr. p. 213.7.

ORS Witness Briseno also testified that ORS examined and verified the monthly calculations and the (over)/under recovery balances recorded in the Company's books and records for DERP incremental and avoided costs. Tr. p. 209.16. Witness Briseno also stated that ORS reviewed and accepted the Company's adjustments to the DERP avoided and incremental costs. Tr. p. 209.17. Based on ORS's examination, Witness Briseno agreed with the following (over)/under-recovery balances for DERP incremental and avoided costs as calculated in Company Witness Harrington's exhibits:

- February 2022 DERP incremental under-recovery balance of \$422,461;
- February 2022 DERP avoided cost over-recovery balance of \$59,165;
- June 2022 estimated DERP incremental cost under-recovery balance of \$439,473; and,
- June 2022 estimated DERP avoided cost over-recovery balance of \$53,868.

He further noted that any variances between ORS's calculations and DEP's calculations were due to rounding. Tr. pp. 209.16 – 209.17.

No other parties presented testimony related to DEP's DERP costs, the NEM methodology, or the proposed value of NEM DER.

No party disputed the method by which DEP allocates and recovers variable environmental costs or that the Company's DERP avoided and incremental costs were reasonably and prudently incurred in implementing the Company's DER program. The record also reflects that the Company's estimated and forecasted DERP avoided and incremental costs are reasonable. Also, no party challenged the Company's calculation of the proposed DERP or the under-collected incremental costs, and the record reflects these calculations comply with Act 236 and the Commission's orders in previous DERP-related proceedings. There also is undisputed evidence that the Company's updates to the value of NEM DER components and the NEM incentive are

reasonable and in compliance with Commission orders. Accordingly, the Commission finds that, after considering the evidence and testimony presented by the parties, DEP's proposed DERP costs and charges and the proposed value of NEM DER are appropriate and reasonable and the Company's 2022 Renewable Net Metering Rider (SC) tariff sheet should be approved.

C. Base Fuel, Environmental, and Capacity Cost

Company Witness Harrington's direct testimony addressed the Company's actual fuel, capacity-related costs, including Public Utility Regulatory Policies Act of 1978 ("PURPA") capacity, and environmental cost data for the Review Period and the Estimated Period; and the Company's proposed fuel factors by customer class for the Forecasted Period. Tr. pp. 81.2 – 81.3. Company Witness Harrington first discussed changes the Company made to its fuel cost forecasts as a result of Order No. 2021-668, issued in Docket No. 2021-3-E relating to DEC's fuel cost review. Tr. pp. 81.3 – 81.6. She stated the Company was not able to base its proposed billed rates in this docket on a forecast prepared within 30 days of filing direct testimony; however, the Company was able to base its proposed billed rates on a forecast prepared within 42 days of filing direct testimony. Tr. p. 81.4. She further testified the Company was not able to base its proposed rates in this proceeding on a fuel forecast prepared within 30 days of the Company's direct testimony deadline without hiring additional staffing and incurring additional costs, which would eventually increase customer rates. Tr. pp. 81.5 – 81.6. Witness Harrington also provided testimony regarding DEP's power purchases and the recording of associated costs. Tr. pp. 81.6 – 81.7. She further provided a monthly comparison of fuel revenues collected from South Carolina retail customers to the actual and estimated jurisdictional fuel costs attributable to those sales by month. Tr. p. 81.9. She stated the Company estimates its deferred base fuel cost balance will be an under-collection of approximately \$40.7 million on June 30, 2022. *Id.* Witness Harrington also

testified regarding two South Carolina retail adjustments and two prior period adjustments in the month of February 2022. Tr. pp. 81.9 – 81.10. Witness Harrington next presented DEP's proposed base fuel rate of 2.128 cents/kWh for the Forecasted Period to recover South Carolina's retail share of approximately \$1.3 billion of projected system fuel expense, which incorporates approximately \$763,000 of net metering avoided fuel benefits. Tr. pp. 81.10 – 81.11.

Regarding environmental costs, Witness Harrington testified that, during the Review Period, environmental costs allocated to the South Carolina retail jurisdiction were approximately \$1.4 million and that its estimated deferred environmental cost balance will be an under-collection of approximately \$438,000 on June 30, 2022. Tr. p. 81.11. She also stated DEP's environmental costs for the Forecasted Period is estimated to be \$1.3 million for South Carolina's retail portion. Tr. p. 81.12. For capacity-related costs, she stated the costs allocated to the South Carolina retail jurisdiction during the Review Period were approximately \$22.6 million and the amount for the Forecasted Period was \$19.4 million. Tr. p.81.13. Witness Harrington further discussed the allocation of the South Carolina retail portion of environmental and capacity costs to Residential, General Service Non-demand, and General Service Demand rate classes based upon the firm coincident peak demand of each class. Tr. pp. 81.12 – 81.14. Witness Harrington testified the anticipated impact of all components of the Company's filing for the average general service non-demand customer, general service demand customers, and lighting customers is an increase of 6.8%, 11.9%, and 3.6%, respectively. Tr. pp. 81.22.

Witness Harrington testified the Company's proposed Total Fuel Cost factors per kWh, as shown in her Exhibit No. 1, Hearing Exhibit No. 5, are 3.370 cents per kWh for the Residential Class, 2.788 cents per kWh for General Service Demand and Lighting Classes, and 3.424 cents per kWh for the General Service Non-demand Class.

Through his testimony and exhibits, ORS Witness Briseno demonstrated the results of ORS's examination of the Company's books and records pertaining to operations under the Fuel Adjustment Clause for the Review Period. Tr. p. 209.2. He stated that ORS examined and verified the monthly calculations and the (over)/under-recovery balances recorded in the Company's books and records for base fuel costs, environmental costs, and capacity costs and verified them to the Company's monthly fuel reports and the testimony and exhibits filed in this docket. Tr. p. 209.3. In particular, Witness Briseno stated that ORS analyzed fuel stock accounts; sampled receipts to the fuel stock accounts; verified coal, oil, and natural gas expenses; verified charges to nuclear fuel expenses; verified purchased power and power sales; verified kWh sales; recalculated the fuel adjustment factors and verified the (over)/under-recovery of base fuel costs; recalculated the environmental costs and verified the (over)/under recovery of environmental costs; and recalculated the capacity costs and verified the (over)/under recovery of capacity costs. Tr. pp. 209.3 – 209.10. ORS examined and verified the monthly calculations and the (over)/under-recovery balances recorded in the Company's books and records for base fuel costs, environmental costs, capacity costs. *Id.* He also stated that ORS reviewed and recalculated any adjustments made by the Company for the Review Period. Tr. p. 209.10.

Based on ORS's examination, Witness Briseno agreed with the following (over)/under-recovery balances for the Company's base fuel cost, environmental cost, and capacity cost components (over)/under-recovery balances as calculated in Company Witness Harrington's exhibits:

- February 2022 base fuel cost under-recovery balance of \$36,766,806;
- February 2022 environmental cost component under-recovery of \$415,182;
- February 2022 capacity cost component under-recovery balance of \$6,053,783;

- June 2022 estimated base fuel cost under-recovery balance of \$40,666,187;
- June 2022 estimated environmental cost component under-recovery balance of \$437,894; and
- June 2022 estimated capacity cost component under-recovery balance of \$5,044,698.¹⁰

He further stated that the variances between the balances calculated by ORS and by DEP are due to rounding. Tr. pp. 209.14 – 209.17. Witness Briseno also testified that ORS reviewed and accepted the Company's base fuel cost, environmental cost, capacity cost, and incremental cost adjustments. *Id.*

Based on ORS's examination of the Company's books and records, and the Company's operations under the fuel cost recovery mechanism, Witness Briseno stated that, subject to the Company's Adjustments, the Company's accounting practices are in compliance with S.C. Code Ann. §§ 58-27-865, 58-39-130, 58-39-140, 58-40-20, and prior Commission orders. Tr. pp. 209.17 – 209.18.

Witness Bickley testified that ORS determined the primary drivers of the Company's

¹⁰ Including the DERP balances, ORS agrees with the following cumulative (over)/under-recovery balances as calculated in Company Witness Harrington's Exhibits in this docket:

- February 2022 base fuel cost under-recovery balance of \$36,766,806;
- February 2022 environmental cost component under-recovery of \$415,182;
- February 2022 capacity cost component under-recovery balance of \$6,053,783;
- February 2022 DERP incremental under-recovery balance of \$422,461;
- February 2022 DERP avoided cost over-recovery balance of \$59,165;
- June 2022 estimated base fuel cost under-recovery balance of \$40,666,187;
- June 2022 estimated environmental cost component under-recovery balance of \$437,894;
- June 2022 estimated capacity cost component under-recovery balance of \$5,044,698;
- June 2022 estimated DERP incremental cost under-recovery balance of \$439,473; and
- June 2022 estimated DERP avoided cost over-recovery balance of \$53,868.

request for a fuel rate change were the projected fuel cost under-recovery as of June 2022 and forecasted increasing commodity prices. Tr. pp. 220.5 – 220.6. Based on ORS's review, Witness Bickley testified that ORS does not recommend any adjustments to the fuel factors proposed by the Company. Tr. p. 220.6. Witness Bickley testified that, if approved by the Commission, the rates proposed would increase the typical monthly bill for a Residential Customer on Rate RES using 1,000 kWh from \$122.86 to approximately \$132.99, a net increase of \$10.13 or 8.25%, excluding Gross Receipts Tax or Regulatory Fees. Tr. p. 220.7. For General Service Non-demand, General Service Demand, and Lighting customers, the proposed rates would increase the average monthly bills by approximately 6.8%, 11.9%, and 3.6%, respectively. *Id.*

Witness Bickley also recommended that DEP provide a forecast to all interested parties of the expected fuel factor to be set at its next annual fuel proceeding based upon its historical (over)/under recovery to date and forecasts of prices for uranium, natural gas, coal, oil and other fuel required for the generation of electricity. Tr. p. 220.7. He stated the forecast also would provide the expected DERP Charge to be set at the Company's next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and DEP's forecast of DERP incremental and avoided costs. *Id.* ORS recommends these forecasts be provided during each of the three quarters in which there is no annual fuel proceeding, but not in the quarter where DEP makes its annual fuel filing. *Id.*

No other parties presented testimony related to DEP's base fuel costs, environmental costs, or capacity costs and, as reflected in the evidence of record, no party challenged DEP's proposed base fuel, environmental or capacity cost components.

The evidence of record and the testimony of the witnesses demonstrates that the Company's proposed fuel factors are reasonable. No party disputed the Company acted reasonably

in basing its proposed billed rates on a forecast prepared within 42 days of filing its direct testimony. The evidence also supports a finding that the Company's actual and estimated cumulative under-recovery balances and related adjustments are reasonable. In addition, no party challenged the Company's accounting practices or that they were in compliance with applicable statutory law and Commission orders. Further, no party proposed any adjustments to the fuel factors proposed by the Company or offered any alternative fuel factors for the Commission's consideration. The Commission also finds that ORS's recommendation that DEP provide a forecast of the expected fuel factor in each of the three quarters in which there is no annual fuel proceeding, but not in the quarter DEP makes its annual fuel filing, is reasonable. Such forecasts would provide the expected DERP Charge to be set at the Company's next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and DEP's forecast of DERP incremental and avoided costs. On this basis, and based upon the evidence of record and the testimony of the witnesses and the fact that no party disputed the base fuel, environmental or capacity cost components, the Commission finds DEP's base fuel, environmental, and capacity components to be just and reasonable and consistent with S.C. Code Ann. § 58-27-865.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Having heard the testimony of the witnesses and representations of counsel and after careful review of the proposed orders and record, the Commission makes the following findings of fact, in addition to any findings of fact stated above:

1. DEP's fuel purchasing practices and policies, power plant operations, and fuel inventory management were reasonable and prudent for the Review Period pursuant to S.C. Code Ann. § 58-27-865 of the South Carolina Code of Laws.

2. DEP's proposed monthly rates and charges as shown in Hearing Exhibit No. 5,

Exhibit No. 1, are lawful, just, and reasonable; are consistent with the standards for fuel review proceedings conducted pursuant to S.C. Code Ann. § 58-27-865; such proposed rates and charges are calculated to allow recovery in a precise and prompt manner while assuring public confidence. As such, approval of these rates and charges is in the public interest in this case. Additionally, the proposed monthly rates and charges provide stabilization to the fuel factors, minimize fluctuations for the near future, and do not appear to inhibit economic development in South Carolina.

3. The updated components of value for NEM DER as shown on page 9 of the direct testimony of DEP Witness Martin (Tr. p. 89.9) and as set forth above on page ____ of this Order are reasonable and prudent, comply with the NEM methodology approved by the Commission in Order No. 2015-194, as modified by Order No. 2021-569, and satisfy the requirements of S.C. Code Ann. §§ 58-40-10 to –20.

4. DEP’s proposed revisions to its “Renewable Net Metering Rider” tariff sheets as shown in Hearing Exhibit No. 6, Exhibit No. 1 are just and reasonable.

5. The Company’s calculation and method of accounting for DERP avoided and incremental costs during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order No. 2015-194, and complied with S.C. Code Ann. §§ 58-40-10 *et seq.*

6. As a result of DEP’s efforts to provide the DER programs, the over-collected balance of the DER program costs as of February 2022 totaled \$59,165 in avoided costs and an under-collected balance of \$422,461 in incremental costs, and such costs are reasonable and prudent.

7. DEP’s proposed DER Avoided Cost Components by class are reasonable and prudent. DEP’s proposed monthly per account DER Incremental Cost Components by class

properly allocate DEP's DER program incremental costs and are reasonable and prudent.

8. It is reasonable to require DEP to provide a forecast to all interested parties of the expected fuel factor to be set at its next annual fuel proceeding based upon its historical (over)/under recovery to date and forecasts of prices for uranium, natural gas, coal, oil and other fuel required for the generation of electricity. Additionally, the forecast should provide the expected DERP Charge to be set at the Company's next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and DEP's forecast of DERP incremental and avoided costs. These forecasts should be provided during each of the three quarters in which there is no annual fuel proceeding, but not in the quarter DEP makes its annual fuel filing.

9. It is appropriate for ORS to review the reasonableness of plant outage(s) not completed by February 28, 2022, plant outages where final reports or investigations are not available, and the associated costs in the review period during which the outage is completed or when the report becomes available.

IT IS THEREFORE ORDERED THAT:

1. The fuel purchasing practices and policies, plant operations, and fuel inventory management of DEP related to the historical fuel costs and revenues for the Review Period, are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865, and are just, reasonable, and prudent.

2. With regard to plant outages that are not complete as of the end of the Review Period, and plant outages where final reports or investigations (Company, contractor, government reports or otherwise) were not available at the time of the hearing on this matter, the reasonableness of such outages shall be subject to review in the period where such report(s) become available.

3. The methodologies used by the Company for determining the environmental cost

component and the capacity-related cost component of the fuel factor are consistent with the requirements of S.C. Code Ann. § 58-27-865 and are reasonable and prudent for the review period and the billing period.

4. The Company's use of forecast data prepared within 42 days of filing direct testimony in this proceeding was prudent and reasonable.

5. The methodologies used by the Company to calculate its avoided energy and capacity costs under PURPA for the Review Period and Billing Period are reasonable and prudent.

6. The Company's revisions to the 2022 Renewable Net Metering Rider (SC) tariff sheet, attached hereto as **Order Exhibit 1**, are lawful, just and reasonable, and shall become effective for service rendered during the Billing Period.

7. The Company's calculation and method of accounting for avoided and incremental costs for NEM during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order No. 2015-194, and complied with S.C. Code Ann. §§ 58-40-10 *et seq.*

8. The 2022 component values for NEM DER comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. §§ 58-40-10 *et seq.*

9. The Company shall set its base fuel factor for all customer classes at 2.788 cents per kWh,¹¹ not including applicable environmental, capacity-related, and DERP avoided cost components.¹² DEP's total fuel factors shall be set at 3.370 cents per kWh for the Residential Class,

¹¹ After adjusting for the Residential Energy Conservation Discount (RECD), the base fuel component is 2.808 cents per kWh.

¹² The base fuel factors, environmental component billing factor, avoided capacity component, and DERP avoided cost component do not include Gross Receipt Tax and regulatory fees.

2.788 cents per kWh for General Service Demand and Lighting Classes, and 3.424 cents per kWh for the General Service Non-Demand Class.

10. The Company shall set its environmental component billing factor at 0.037 cents per kWh for the Residential Class, 0.000 cents per kWh for the General Service Demand and Lighting Classes, and 0.044 cents per kWh for the General Service Non-demand Class for service rendered during the Billing Period.

11. The Company shall set its capacity-related component at 0.522 cents per kWh for the Residential Class, 0.000 cents per kWh for the General Service Demand and Lighting Classes, and 0.588 cents per kWh for the General Service Non-demand Class for service rendered during the Billing Period.

12. The Company shall set its DERP avoided cost component at 0.003 cents per kWh for the Residential Class, 0.000 cents per kWh for the General Service Demand and Lighting Classes, and 0.004 cents per kWh for the General Service Non-demand Class for service rendered during the Billing Period.

13. The Company shall set its DERP Charge at \$1.00/month for the Residential Class, \$3.26 month for the Commercial Class, and \$100.00/month for the Industrial Class, which charges include Gross Receipts Taxes.

14. The Company shall file the South Carolina Retail Adjustment for Fuel, Variable Environmental, and Avoided Capacity Costs Rider and all other retail Tariffs with the Commission and a copy with ORS within ten (10) days of receipt of this Order.

15. The Company shall comply with the notice requirements set forth in S.C. Code Ann. § 58-27-865.

16. The Company shall continue to utilize the methodology for developing the

environmental component billing factor for each rate class to recover “variable environmental costs” under S.C. Code Ann. § 58-27-865(A)(1) approved in Order No. 2007-440. Pursuant to S.C. Code § 58-27-865(A)(1), the avoided capacity component of purchased power costs and other capacity costs that are permitted to be recovered through the fuel factor, are to be allocated and recovered from customers under a separate capacity component of the overall fuel factor based on the same method that is used by the utility to allocate and recover variable environmental costs.

17. The Company shall continue to file the monthly reports as previously required and record its natural gas utilizations on an hourly and daily basis as previously ordered.

18. The Company shall continue to examine and make adjustments as necessary to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. The Company shall also provide monthly natural gas hedging reports to ORS.

19. The Company shall, by rate class, account monthly to the Commission and ORS for the differences between the recovery of fuel costs through base rates and the actual fuel costs experienced by booking the difference to unbilled revenues with a corresponding deferred debit or credit.

20. The Company shall submit monthly reports to the Commission and ORS of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 megawatts or greater.

21. The Company shall provide a forecast to all interested parties of the expected fuel factor to be set at its next annual fuel proceeding based upon its historical (over)/under recovery to date and forecasts of prices for uranium, natural gas, coal, oil, and other fuel required for the generation of electricity. Additionally, the forecast will provide the expected DERP Charge to be set at the Company’s next annual fuel proceeding based upon the Company’s historical

(over)/under-recovery to date and the Company's forecast of DERP incremental and avoided costs.

22. The Company shall continue to actively monitor commodity and transportation costs outside of the quarterly filings. If a large increase or decrease is experienced in the period between the Company's most recent quarterly forecast and the filing of the Company's direct testimony in an annual fuel proceeding, the Company is directed to update its forecasts to include pricing that is most current and accurate in the filing of the Company's direct testimony.

23. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Florence P. Belser, Vice-Chairperson

ATTEST:

(SEAL)